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The Case Plainly Stated

By H. F. RING



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PREFATORY NOTE

This address originally was delivered to the United Labor Organization of Houston, Texas, in 1887. It appeared in full the next morning in the Houston Daily Post, and afterwards in The Standard, published at that time in New York by Henry George. Mr. George then issued it in tract form, giving it the name of "The Case Plainly Stated." Many editions of it have since been published from time to time in this country and in Europe and Australia, and it is generally regarded as one of the clearest brief statements extant of the philosophy of land value taxation as taught by Henry George in his famous "Progress and Poverty."

The Case Plainly Stated.

By H. F. RING.

MR. CHAIRMAN:—The land question is simply a question as to how the use of the bounties of nature shall be best regulated and controlled. By bounties of nature I mean the coal beds, the mineral deposits, the land—all those natural elements which were not created by human industry, but which Nature has freely and abundantly provided for the use and enjoyment of all the children of men; and I propose to show how the right of capital and labor to use these natural elements should be regulated by the government*, so as most to conduce to the happiness and well-being of mankind.

I am a Single Taxer, and a discussion of the land question by me can be nothing more than a mere attempt to expound the teachings of that great master of the subject, Henry George.

George, at the outset, calls attention to the marvelous improvements in the arts and sciences, the discoveries,

* The word "government" as used in this presentation of the Single Tax refers to the tax levying power as vested, not alone in the federal, but also and even primarily in the state, county, and municipal governments.

It is probable that a complete application of the Single Tax will be reached through its gradual adoption at first in cities, counties and states, before it is substituted for tariff and internal revenue taxation.

inventions, and labor-saving machines which, within the past 100 years, have so immensely increased the productive powers of the human race. Is it not a moderate estimate to assume that on an average the labor of one man today, with all these labor-saving inventions, will produce as much of the comforts and luxuries of life as the labors of four men would a hundred years ago? And does it not follow that the average workman of today creates, by each day's labor, four times as much wealth as the average workman did a hundred years ago? George teaches that if the workman of today, on an average, creates four times as much wealth as the workman of a hundred years ago, then the services of this workman of today are four times as valuable to society; then why should not his wages of right be four times as great? Why should he not be four times as independent? Why should it not be four times as easy for him to make a living and support his family in comfort and decency?

Will any one presume to assert that this is in fact the case? On the contrary, is it not just about as hard for the poor man to make a living today as it ever was? Does he not dread the loss of a position today just as much as he ever did? George asserts that labor-saving machinery really ought to lessen the burdens of labor, to make it easier for the laborer to live, and in fact, to lighten his toil. But alas, from some apparently mysterious cause,—a cause which many comfortably well-to-do people insist is one of the unfathomable mysteries of Divine Providence,—what George claims should rightly result from inventions does not result from them. And still we are all the time making new discoveries, and year by year increasing, by means of new inventions, the productive powers of working men; yet, with the increase of population, the lot of those who produce all this wealth seems to be becoming more precarious, less independent and more and more wretched.

Who denies that under the present social system, wages tend to fall irresistibly to the point at which the wage-workers can barely subsist? This is called the

iron law of wages, and all the strikes conceivable can only temporarily, and but fitfully, arrest this steady tendency. For so long as unemployed men compete for employment against the employed, wages cannot permanently advance. The worker may create quadruple the wealth, but he is not permitted to retain any more of it as his share.

WHO GETS THE WEALTH?

Now, where does this wealth go—this wealth which we now produce so much more easily and in such vastly greater quantities than ever before? What becomes of it? Who gets it? Why is it that in this age of wealth-producing and labor-saving machinery, poverty as abject and hideous as ever before seen in the history of the world abounds and increases in our midst? What is the cause of the so-called iron law of wages? Henry George has discovered it. He has pointed it out, and he has shown us the remedy. He has demonstrated beyond a doubt or question that it does not result as a fatal necessity from the nature of things, but that it is a result of violation of natural law, of a refusal on the part of society to recognize the inalienable right of every citizen of access to the bounties of nature within the territory of his country on equal terms with every other citizen of that country.

Let me now give you a short lesson in the elements of this new political economy.

Three factors enter into the creation of every conceivable kind of wealth. By wealth we mean any material thing produced by human industry which gratifies human desires. These factors are land, labor and capital. Wealth in a civilized community is produced only by means of a union or partnership between land, labor and capital. Labor does the work, capital loans the tools, and land furnishes the natural elements on which, and out of which all material things resulting from human industry are created. In speaking of land in the new political economy we never include improvements or

anything which is the result of human toil. We simply mean the opportunities which land and the elements within it afford for the employment of capital and labor—we mean the raw elements as they lie on or in the bosom of the earth, untouched by the hand of man.

Now, as before remarked, the product of land, labor and capital is wealth, and after it is produced, it is divided among these factors entering into its composition. A certain portion of it, called rent, goes to land, either directly in the form of rent or in the form of interest on the selling price of the land or of the coal bed, or whatever it is; another portion of it, called profit or interest, goes to capital for the use of tools which capital has furnished, and the balance left, after land has been paid rent and capital has been paid interest or profits, goes to labor as wages for the work which labor has done, including the labor of superintendence.

MEANING OF RENT.

Now what does rent signify as used here? Rent is the price paid for the privilege of access to the raw material—for the mere privilege of getting hold of something not created by man, on which and out of which labor and capital can produce wealth. This rent may be paid periodically, or may be paid in a lump in the form of purchase money. In either case the result will be the same. Is it not clear that in the division of wealth after it has been produced by this partnership between land, labor and capital, the more land gets for rent the less there will be left for capital and labor? Is it not quite as plain as A B C that the more it costs capital and labor to get hold of these natural elements, the coal beds, the mines, the water fronts, the land—the gifts of nature which a kind providence has provided for the equal use and enjoyment of all—the less there will be for labor and capital to divide between them?

In the new political economy we must never confuse land with capital. One is never the synonym of the

other. Land, as before stated, is simply the natural opportunity, exclusive of improvements or anything done to it by man. Capital is something that has been made by man, like a machine for instance, which is useful in the production of wealth. It is wealth used to produce more wealth.

LABOR AND CAPITAL PARTNERS.

But someone asks: Suppose the capitalist who is using the coal bed or using this natural opportunity, whatever it may be, is also owner of it. Where then does your partnership between land, labor and capital come in? We answer just the same as before. A sum equal to the interest on the market value of the coal bed (independent of the machinery, excavation work, etc.) is in such cases a factor of rent. The owner, in addition to profit or interest on his capital, as before defined, must also take from the wealth produced a sum equal, approximately, to interest on the market value of the coal land, otherwise he would sell out and quit. It is evident that the more money the owner is obliged to invest in purchasing the coal bed, for instance, the greater must be the sum which he takes out of the wealth produced to cover interest on that investment, and hence such interest money is simply rent paid for the use of a natural element, for the privilege of access to one of the bounties of nature. Therefore, is it not equally plain in this case that the more paid for this privilege of use, the less will remain out of which labor can get wages?

A few years ago we read in the newspapers of a great boom in the vicinity of Birmingham, Alabama. We were exultingly told that the lands containing coal beds and mineral deposits in northern Alabama had gone up in value from \$75,000 to \$50,000,000 in the space of six years. What does this signify? It means that when capital and labor shall attempt to utilize these coal beds and mineral deposits, when capital and labor shall unite together, the one to furnish the tools, the other the labor,

with which to produce wealth out of this raw material, then will a set of landlords step forward and block the enterprise with a demand for \$50,000,000 for the mere right of access to these free gifts of nature, or in lieu of it the payment of \$3,000,000 a year as tribute money, that being the interest of \$50,000,000 at six per cent.

There lie the coal beds and mineral deposits untouched by man, fresh from the hands of the Creator, intended by Him, if He is the just, benevolent Being whom we have been taught to worship, for the equal use and enjoyment of all His children, and yet our laws say that capital and labor must pay a few forestallers \$3,000,000 a year for the privilege of applying the hand of industry to these elements.

And after this blackmail has been paid, how much will there be left for the wages of labor? The answer is, just as little as labor can ordinarily subsist upon. Why? Because this monopolization of the gifts of nature going on, not only in northern Alabama, but everywhere else, enables capital to drive a hard bargain with labor. For this reason, and this alone, they can't deal with each other on equal vantage grounds. Suppose labor objects and says to capital: "I'll not accept the pittance you offer." Capital replies: "All right, go elsewhere." And so labor starts out to get work for himself, and what does he find? Here he is, living in a country capable of raising food for ten times its present population, and he finds four-fifths of the land untilled or but partially cultivated. He finds four-fifths of the coal beds and mineral deposits unused. He finds vacant land and unused lots on every side. He goes to New York City even and he finds there within its corporate limits almost one-third the area of that city vacant, unoccupied, and unused, although there are miles and miles of tenement houses, in which men and women and innocent children are packed and crowded like maggots, as though there wasn't ample room in the city for the comfortable housing of every human being in it. He finds unused natural elements all around him wherever he goes, sufficient to give em-

ployment and support in abundance to tens of millions of happy families.

But now suppose labor attempts to make use of any of these unused natural opportunities? Suppose he concludes to go to work for himself upon a piece of vacant land in the suburbs of a city, for instance, where labor could be applied to the greatest advantage. What happens? An individual comes along and waves a title deed, and orders him off the premises. He finds that all these unused natural opportunities are owned by individuals and claimed as private property. He finds himself frustrated at every point. He finds that he can't go to work anywhere without paying blackmail to the owner of some natural element for the mere privilege of working and so he strikes back to northern Alabama and takes off his hat to Capital and bows very low and says: "Please, sir, give me a bare living and I will be your slave."

And that is about all that he does get, and that is all he ever will get under the present system of land ownership, though you may strike and boycott and potter about graduated land taxes, graduated income taxes, and graduated nonsense until doomsday.

THE GREAT PARASITE.

With advancing population the greater becomes the demand for natural opportunities and the higher the prices which can be extorted for the privilege of using them. As population increases, the town lots, the coal beds, the mineral deposits, the water fronts, the land, go up in value, and so goes up also the amount of tribute money which labor must pay for access to them, for the privilege of employment. The more of the products of industry which go for the payment of this constantly increasing tribute, the less and less will grow the share allowed the laborer and the more dependent and the more wretched will his lot become.

Here in Houston today, suppose Enterprise has \$50,000 to invest in the paper mill business, a sum barely sufficient to put up the building, buy the machinery and carry stock. He finds a beautiful site for his mill on the banks of the bayou. It is a vacant lot. The hand of man has never been applied to it, and it stands there now just as it stood when the Indian roamed over the site of this city. The owner of that block, however, thinks he can make Enterprise pay him \$20,000 for the privilege of giving employment to labor on this natural opportunity—this piece of ground. That is the price, and if he can't get it today he will get it when the city grows a little larger. But Enterprise says to him: "I have only \$50,000 capital, all of which I shall need in my business." The land owner answers it is not his lookout, and so Enterprise turns away checkened and baffled, and the mill is not built.

CAUSE OF DULL TIMES.

And so it is everywhere. Wherever we find a portion of the vacant surface of the earth which could be utilized by capital and labor, and which affords an opportunity for human toil and enterprise, there we find a human vampire with a paper title in his hand warning off labor; and that vampire must always be placated by the payment of blackmail before the wheels of industry can begin to turn.

Need we wonder that these wheels turn slowly, and that they are always getting out of gear; that we are always talking about dull times; that men are always out of employment and always hunting for work, regarding it as a favor even to be allowed to work; that we are all the time growing too much cotton, when millions of human beings have only one shirt to their names; that we are producing too much food, when half the population of the world is insufficiently fed; that carpenters are out of work, when half the people are not comfortably housed; shoemakers wanting work and millions

needing shoes? How could it be otherwise, when labor is compelled to beg for work in the midst of limitless unused opportunities for work, on which opportunities, however, sit these human vampires, these dogs in the manger, waving labor back with their paper title deeds?

AN ILLUSTRATION.

Now let us go back for a moment to that partnership between land, labor and capital. For illustration, suppose the wealth produced by the partnership to be created by the application of capital and labor to those coal beds and mineral deposits in northern Alabama, valued, as we have seen, at \$50,000,000. In the division of wealth produced we have shown how, say six per cent of this \$50,000,000, or \$3,000,000, must go to land as rent. Or, in other words, \$3,000,000 a year must be paid to land owners directly as rent or interest on purchase money for the bare privilege of utilizing these gifts of nature. Now, in the division of wealth produced, why is labor entitled to any portion of it? Clearly because labor's industry has contributed to its creation. Why is capital entitled to any part of it? Because capital has furnished labor with tools with which to develop the mineral deposits. The capitalist who owns the tools can trace his title back to the creator of them, to some individual or set of individuals whose industry produced them and from whom he purchased or inherited them. The title, then, of both labor and capital to a portion of the wealth produced from these mineral deposits originates in human industry, and it is a sacred title. Now then, why should the land owner get any portion of this wealth, to produce which capital has supplied the tools and labor has done the work? This owner claims the right of making capital and labor pay him interest on \$50,000,000, or \$3,000,000 a year, for the mere privilege of access to this raw coal and raw ore. Ought we not to scrutinize most carefully his right to extort this immense tribute? And if he can show no natural and moral right to claim it,

does not society countenance the robbery of labor in permitting him to do so? Where does his title originate?

We find that six or seven years ago he paid someone who claimed to own the land in which these mineral deposits are found \$750,000 for the raw natural element for which he now demands \$50,000,000. Was this additional value of \$49,250,000 in six years produced by his industry? Was it produced by the industry of any previous owner of these natural elements? Did it cost \$49,250,000 to discover these mineral deposits? We trace back his title a little further, and we find that perhaps a hundred years ago it originated in a grant to John Jones from the government—that is to say, the people who inhabited this country a hundred years ago and who constituted the government said: “We will divide the land and we will give John Jones this particular tract for his private property.”

But did these people create that land and the coal and iron in it? Can it be shown that they had any better right to it from the Almighty Creator than the people of this generation have? Was the earth intended by the Heavenly Father for one generation to dispose of forever, or as an abiding place for all generations? Was Thomas Jefferson right or wrong when he wrote: “The earth belongs in usufruct to the living; the dead have no right or power over it?” By what authority could the people living here a hundred years ago, long since dead and gone, confer upon John Jones, also dead and gone, a right which would enable John Smith today, by tracing a paper chain of titles from him, to extort from capital and labor a tribute of \$3,000,000 a year for the bare privilege of getting to that coal and iron and making it useful to mankind?

Who dares to blaspheme the name of the Almighty Ruler of the universe by saying that the coal and iron were not intended by Him for the equal use and the enjoyment of all His children—the humblest babe born today in a garret equally with a child of the proudest duke who ever lived?

MAN IS A LAND ANIMAL.

Is not man a land animal? Can he live without land? Can he any more rightfully be deprived of access to land than he can rightfully be deprived of life itself? Can he any more rightfully be compelled to yield up to a fore-staller, a mere owner of land, a portion of the fruit of his industry for the privilege of getting hold of the raw material elements than he can rightfully be compelled as a slave to yield up to a master a portion of the fruits of his industry? To compel him to do so is as much a robbery of labor in one case as in the other. Why then is not the humblest babe that God sends into this world naturally and by inalienable right entitled to access to land on equal terms with all his fellow human beings?

ORIGIN OF PROPERTY RIGHT.

Mind, when we say access to land we do not include access to improvements on land, or access to anything produced by human industry, a title to which can be shown originating in human toil; we simply mean access upon equal terms to the free bounties of nature as they lie upon the kind bosom of mother earth, untouched and undisturbed by the hand of man. What I produce by my industry is mine. What I obtain by exchanging the products of my industry for the products of another's industry is mine. What my father or my grandfather produced by his industry was his, and if he has given it to me it is mine.

In all these cases human industry is the origin of property right, and property rights originating in human industry must be held sacred, else there would be no incentive to human effort. Do not the values produced by the individual belong to the individual producing them? Do not the values produced by the community belong to the community producing them? Is there anything wrong, immoral or communistic in this ideal? And yet this is the sum and substance of the Henry George philosophy.

Take the case of the vacant block on the bank of the bayou which Enterprise wanted for a paper mill and could not get. Fifty years ago it was worthless. Now labor must pay a tribute of over \$20,000 to the so-called owner for the privilege of using it. Whose industry has put \$20,000 of value on that piece of vacant ground? Not the industry of the present owner, nor the industry of any former owner, because no man has ever done a stroke of work upon it. That value of \$20,000 has been placed upon the land by the common energy and enterprise of the entire community. Since the community has produced that land value why does it not belong to the community? Why has not the community the same rights to the value it creates as the individual has to the values which he individually creates?

THE REMEDY.

How shall this derangement of the wheels of industry, this blackmail upon enterprise, this robbery of labor, this eager and fatal competition among laborers for employment, this slavish fear of the loss of a situation in the midst of abundant unused opportunities for employment—how shall this curse which our present land system has fastened upon the productive industry of the country, be removed? Simply by doing justice; by being honest; by recognizing in our laws one of the inalienable rights of man; by recognizing in every human being, in every generation, the present as well as the past, an inalienable right of access to the bounties of nature on equal terms with every other human being.

How shall this right of access on equal terms be secured? Simply by making every individual who claims a right to the exclusive possession of a tract of land pay in the form of a tax approximately what the use of that tract of land is worth, exclusive of all improvements on it or anything done to it by the hand of man, and by abolishing every other form of taxation. Take the rent of land for public use instead of taxes.

WILL SIMPLIFY GOVERNMENT.

Some one asks: "Will not this proposed change vastly increase the functions of government and immensely add to the number of government employees?" I reply no. On the contrary, at least two-thirds of the present army of revenue collectors and tax gatherers will be dispensed with, and the remaining one-third will collect this single tax on land values at one-third the expense now incurred in the collection of national, state, county, and municipal taxes.

Another inquirer asks: "Will not the new system offer abundant opportunities for corruption and partiality in fixing the amount of this tax annually to be paid for the exclusive use of a piece of land? And how do you propose the amount of the tax shall be determined?" It will be determined by the same law of demand and supply which now determines the amount of tax under the present system. The single tax will be fixed by the same machinery of an assessor and a board of equalization which fixes it now. For instance, under this system a piece of property on Main street rents for \$5,000 a year. Interest at the prevailing rate on the building alone, added to the annual cost of insurance, repairs and care-taking, and a sum sufficient to provide a sinking fund for renewals amounted to, say \$3,000 a year. The landlord is then collecting the difference between \$3,000 and \$5,000, or \$2,000 for the use of this naked earth. That is to say, he is collecting \$2,000 a year for the use of something never created by man, to which all are by natural right equally entitled, and which owes its rental value of \$2,000 a year exclusively to the common enterprise and energy of the entire community.

This is the sum which, under Henry George's system, would be turned over to the government in the form of a tax for the common benefit of the community who collectively have made the use of this land worth \$2,000 a year.

Here an interested friend anxiously inquires: "But if the landlord has to pay this tax of \$2,000 a year for the use of the land, will he not take it out of the tenant by raising his rent to \$7,000?" No, for the landlord's charges now all he can compel the tenant to pay. Suppose he tries to. Suppose he says to his tenant: "You must now pay me \$7,000 a year." What happens? Just what happens every day now. If the tenant can do no better he pays the increase. But now, mark you, when the landlord goes to pay his tax what happens then? Why the board of equalization says to him, you have received \$7,000 a year rent for the use of improvements worth only \$3,000 a year. You are therefore collecting \$4,000 a year instead of \$2,000 for the use of the naked lot, and you will therefore pay the city or state \$4,000 a year for the privilege of the exclusive use of the ground instead of \$2,000 a year as heretofore. Now what has the landlord made by jumping up the rent? Nothing. What would be made by thus jumping up the rents under the present system? Everything. Under which system would landlords be more apt to force up rents?

DETERMINING THE TAX.

Another way by which the board of equalization under the George system would determine the amount of tax to be paid for the privilege of the exclusive possession of a tract of land, and which would also compel landlords to collect from their tenants and turn over to the government in the form of a tax the full value of the use of the land, would be from observation of the prices which real estate brought in the market. But note, at this point some smart fellow jumps up—and he is likely enough to be a newspaper editor—and vehemently protests, saying: "Why, sir, the taxation of ground values plan does not propose to allow any exclusive ownership of land. It demands that the government own it all and rent it out or divide it up into 60,000,000 or 70,000,000 little bits, or do something of that

kind with it, and here you are talking about lands being bought and sold under the Henry George system. Why, man alive, you don't know what that system is!"

Now, Mr. Editor, or Mr. Who-ever-you-are, let me say to you that in your ignorance, or in your indifference to the sufferings of your fellowmen, or in your desire to pander to the greed of monopoly, or to the timidity of capital, you may say what you please; you may misrepresent as much as you please for the purpose of bringing odium and contempt upon the cause; you may call it what you please—state ownership, state landlordism, ownership in common, communism, nihilism, anarchism or anything else; but the fact, nevertheless, remains that, under the just and righteous land system which we are trying to explain, the land will continue to be bought and sold under the same form of paper deeds, precisely as it is bought and sold today. It will continue in precisely the same way to pass to devisees by will and to heirs by law of descent and distribution. The right of control, of exclusive possession and dominion over a piece of land and of the free and exclusive enjoyment of all improvements on it, will in no way be abridged or disturbed. When you buy a lot on Main street today worth \$10,000 with a building on it worth \$10,000 more, your deed recites a consideration of \$20,000. Now when you buy this same property under the George system, the only difference in the whole transaction will be that your deed for it—assuming that the price accords with the market value prevailing at the time of your purchase—will recite a consideration of only \$10,000, and \$10,000 is all that you will then pay for the property. You will pay nothing for the land. After you have bought the property you will pay yearly in the form of a tax to the government, approximately the full market value of the (yearly) use of it—which will amount to the annual rental value of the land, and as the man from whom you purchased had to pay the government the same annual rental value, you will consequently

pay nothing, or approximately nothing*, to him for the land itself when you purchase the property. You thus save an investment of \$10,000 in dirt; instead of such investment you will pay for the common benefit of the community, including yourself, what the privilege of the exclusive use of that spot of earth is worth—nothing more, nothing less—and that is simply what you ought to pay. The \$10,000, which, under the present system, you are compelled to bury in a bit of earth, you will have left you with which to increase your business; and if you do increase your business with it, and add another story to your building, no tax gatherer will come around and impose an additional fine upon you for doing something with your money which gives employment to labor.

NO PROPERTY IN LAND.

Thus, under the single tax system, land would be sold and would change hands as it does now, but it would only bring in the market approximately the value of the improvements on it. If land in any locality should get to selling for considerably more than the value of the improvements on it, this would be a certain indication that the parties using the natural elements in that neighborhood were not paying for the benefit of all the people what the use of the same was worth, and so a board of equalization would put the tax up. As population increases the value of the use of land increases, and with it, under the George system, the revenue from this tax on land values will increase, and thus the entire people who collectively produce this increasing value will get the benefit of the values collectively produced by them. As it is now, the increase in the value of land, which amounts to several billions annually in the United States, four-fifths of which is increase in the value of city and

* There will, no doubt, be instances where the desire of an individual to get and retain possession of a certain piece of property, will cause him to offer a bonus over and above the market value of the improvements.

town lots and mineral deposits, goes to a comparatively small number of individuals who do no more to produce these values than any other members of the community.

TAXATION ABOLISHED.

Another doubter puts this objection: Under the George system you would make the owner of a lot on Main street, with an improvement on it worth \$10,000, pay as much tax as the owner of a similar lot adjoining, having a building on it worth \$50,000. What justice is there in that?

Let us see. Take away the improvements and these two lots are of the same value—that is to say, the value of the use of both lots for ordinary business purposes is the same. Suppose it is \$300 a year. Now, the man with the \$50,000 improvement collects from his tenant ten per cent on his \$50,000, or \$5,000. He also collects \$300, the value of the use of the lot, making in all \$5,300. The man with the \$10,000 improvement also collects ten per cent upon the valuation of his improvement from his tenant, of \$1,000. He, too, collects \$300 in addition for the use of the lot, making in all \$1,300. Now after both have paid the government \$300 apiece for the privilege of the exclusive use of these lots, each will have left ten per cent upon the capital invested, and why should one be entitled to any greater per cent upon the capital invested than the other?

The fact is, that under this system there will be no such thing as taxes. Taxation, as we now understand it, will be abolished. The revenue derived by the government from requiring all who use a natural opportunity to pay into the common treasury what the use of that opportunity is worth, if it is worth anything at all, will be more than sufficient to enable the government to dispense with every species of taxation. As it is now, when you pay your taxes, you are simply robbed of a portion of the fruits of your industry, for which you do not get, directly, any equivalent. Under the proposed system,

when you pay your single tax on land values you will get directly a full equivalent for every dollar paid. You will get the privilege of the exclusive use of a tract of land for what that privilege is worth.

ACCESS TO UNUSED LAND.

If this system were adopted what would become of the vacant lots and lands, the unused coal beds and mineral deposits, the unoccupied water fronts and water privileges over which human vampires now stand guard, retarding enterprise and driving off labor? They would become absolutely free. No one could afford to hold them and pay taxes on them. The vampires would turn them loose. Land speculators and land sharks, instead of trying to grow rich by forestalling labor and capital and thus preying like devouring beasts on their fellow-men, would turn their talents to better account. Wherever labor could find an unused lot or coal bed or mineral deposit or unused tract of land, there labor could go to work and employ itself without being required to invest a dollar in the purchase of a right of access to the natural element, without being compelled to first make terms with a dog in the manger claiming it as private property and holding it for speculative purposes.

If that vacant natural opportunity were situated near a center of population, or were of a character to bestow peculiar money-making advantages upon the persons using it, this advantage would create a demand for it, and this demand would regulate in the manner already pointed out the amount which labor and capital would pay for the use of it, in the form of a tax for the common benefit of all. If that vacant opportunity, for instance, were a tract of land four or five miles from this city, it would have few advantages to make the use of it at present peculiarly valuable. Why? Because there is so much vacant land of the same character near it, the use of which is equally valuable, that no one would give a bonus, as it were, for the use of that par-

ticular tract. Labor would, therefore, at first get the use of that land for nothing. It would have no taxable value at all until all the other vacant land similarly situated was put into use. Under this most just and equitable system the taxable values of land would be confined almost exclusively to the cities and towns and the coal and mineral deposits. Where people congregate, there land has value. In New York City alone, capital and labor today pay to a few thousand land owners, in ground rent alone, exclusive of rent paid on improvements, for the bare privilege of living and doing business, tribute money amounting to hundreds of millions annually, a sum almost equal to the expense of carrying on the government of the United States. It is in these great centers of trade and commerce that land has its greatest value; it is here that land values are mostly found and from these centers nine-tenths of the revenue of the government from this tax on land values would be derived.

FARMERS WOULD BE BENEFITED.

If the George plan were suddenly put in force today, not only would all farmers be relieved from direct and indirect taxation, not only would farmers participate in common with all others in the universal and uninterrupted prosperity which would result from removing the obstructions which needlessly hamper and clog enterprise, but probably three-fourths of the working farmers in this country would pay no land tax at all. Why? Because with so much vacant or but partially cultivated land as there is here today three-fourths of the farmers would have no taxable value at all; and all who are counting on the farmers of America being so foolish as not to see how they will be as much benefited by a just and righteous land system as any other class will certainly be disappointed.

EFFECT ON FARMS.

"Yes," says our farmer friend, "but you propose to confiscate the farmer's land." Let's see about that. You are a farmer owning say a hundred-acre farm, situated like a majority of farms, in a neighborhood where for every acre of land in cultivation there are two or more acres unimproved or but partially improved. Your farm is worth under the present system, say \$2,000. A hundred acres of this unimproved land adjoining it of the same quality is held by some speculator at \$500. Your tax on your hundred-acre farm is \$10 a year, the speculator's tax on the hundred acres of land adjoining of equal value, exclusive of improvements, is \$2.50 a year—one-fourth as much as yours. You give employment to labor on your land, and thereby add to the prosperity of the community. The speculator excludes labor from employment on his land, and thereby retards the prosperity of the community. Why should you be taxed any more for using your hundred-acre tract, and giving employment to labor on it, than the speculator is taxed for holding in idleness a tract of equal value and preventing labor from using it? Why should not the speculator pay at least as much tax for the privilege of excluding labor from his tract as you have to pay for the privilege of employing labor on yours? Have you hurt anyone by turning up the wild sod and building fences and houses and putting \$1,500 worth of improvements on your land? If not, why should you be fined for it by having your taxes increased?

Where our plan is adopted you will have no taxes at all to pay until this vacant land around your farm is put into use. Until then no land value could attach to your farm, and the tax which, with increasing population, you would ultimately be required to pay, would seldom equal and rarely, if ever, exceed that which farmers now pay on the improvement valuation. Assuming that you spend say \$600 a year on your family, then under the present system your taxes, direct and indirect, and the toll

which the merchants take for collecting indirect taxes, amount to at least \$100 a year. You may not know it, because an indirect tax always fools a fellow paying it. You will be relieved from all these taxes, but best of all, men who are now idle and who can't buy what you raise will all be at work, and not only that, but their wages will be high enough to pay good prices for what you raise.

It is true that under the new system you could only sell your place for \$1,500. Still, with this same \$1,500 you could buy just as good a place from some one else. The purchasing power of your farm, when it comes to buying another farm, would not have been reduced. Do not your interests as producer or a laborer vastly exceed your interests as a land owner?

LANDLORDISM AND GOVERNMENT

Now, coming back to the elements of the new political economy, some one says: "What difference does it make to the workmen whether labor and capital pay this ground rent to the individual or to the government, since, according to your theory, it must be paid all the same?" In the first place, if it is paid to the individual none of it ever comes back to labor and capital unless value received is paid for it; so far as labor and capital are concerned, it might about as well be cast into the sea. But when it is paid to the government in the form of a tax on land values it does come back to labor and capital again in the form of relief from every species of taxation, direct and indirect.

Again, the amount that Enterprise would pay the government for the privilege of access to the natural elements would be less under the single tax than is now paid individuals for this privilege. Under the land value tax the prices could not be advanced by monopolization of these elements, as is being done now.

But best of all, and by far the most glorious result that will flow from the establishment of a just and righteous land system, is that it will enable the wealth

creator to stand erect, presenting to capital an unterrified front.

Return for a moment to the coal beds of northern Alabama and imagine the Henry George system adopted. Labor now again objects to the terms offered by capital, and again capital tells him to go. And again labor goes forth hunting for work. But how different he finds the aspect of things. He finds the same unused natural elements, the same unused coal beds and mineral deposits, the vacant lots and lands, but he no longer finds a fellow-man sitting upon every vacant opportunity for work and waving him off. They have vanished. They have gone to work themselves. He finds every unused opportunity for labor, wherever it may be, absolutely free. Not a dollar of capital need be invested in buying a natural opportunity, in paying for the privilege of work. When labor went forth hunting work before, he not only had to ask capital to pay for the tools, but also to pay, usually a greater sum, to some forestaller, in addition, as blackmail, for the privilege of access to a natural element.

This will all be changed. It won't take near as much capital to start enterprises as it did, or in other words, to give employment to labor. In fact, labor could then take even an axe and hoe and find plenty of vacant opportunities on which he could make a living without having to bury himself in a wilderness to do it. All this makes him feel independent and enables him to bargain with capital for employment on equal vantage grounds.

MONOPOLY IS PROFITABLE.

Some time since a large manufacturing firm in Massachusetts adopted the eight-hour system. After trying it a year they gave it up and went back to the ten-hour system. The general manager said they could only make five per cent profit on their investments by requiring only eight hours' work, and that unless they could make a bigger percentage than that, they would not be bothered

with the management of the business—they would put their money into town and city lots, because that species of property would certainly enhance in value as much as five per cent annually, and that, too, without any trouble to the owner, and so it is everywhere. Now, is it not absurd to expect to reduce the rate of profits with which capital will be content below this steady per cent of increase in the value of town and city lots, by any combination of labor, or by any legislation which falls short of restoring these land values to the people who collectively create them?

Suppose you have \$10,000 today. The best and safest thing you can do with it is to invest it in town lots in or near some growing town. Ten years from today, unless the George theory becomes generally understood, the lots will be worth \$20,000 and you will have drawn to yourself \$10,000 worth of wealth for which you have given no equivalent. You will simply have robbed the labor of the country of \$10,000. But now suppose ground values to be appropriated to the public use by taxation. What are you to do with your \$10,000? You would not buy vacant lots now; there is no speculation in them. The tax which you would have to pay for the privilege of excluding capital and labor from the opportunities for employment which vacant lots afford, would be too heavy for you. In fact, you couldn't even loan on land alone, because land alone will have no selling value in the market. The result is, that unless you let your money lie idle and so lose interest on it, you will be compelled to invest it so as to give employment to labor. You must put it into buildings, into machinery, into manufactory stock, into farm implements, into some channel where it will be active and where it will afford employment to labor.

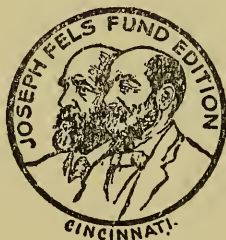
Not only must you do this with your capital, but every other capitalist must do the same with his capital. Capitalist thus must bid against capitalist, since capital can only increase by calling labor to its aid and giving it employment.

Under the present system the rich can grow richer without calling in the aid of labor, without giving employment to labor. They do so by buying space and monopolizing land.

Under the present system, as wealth accumulates, the wealthy seek to invest in land, to get control of natural elements, and get into a position from which to black-mail labor, thus becoming an obstacle in the way of the production of more wealth.

Under the better system, however, wealth could not thus be made to set up an obstacle to the creation of more wealth, or, in other words, to the employment of labor. It can then only obtain a profit by investing in lines of enterprise which give employment to labor.

Under which system will the demand for labor be greater? Under which will earnings be higher?





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